

# **CANADA, MEXICO AND CENTRAL AMERICA**



## Belize

### I. Summary

The Government of Belize (GOB) recognizes that the transit of cocaine and other illicit drugs is a serious problem. Its police units and the Belize National Coast Guard (BNCG) are tasked with narcotics operations and investigations. The GOB works closely with the U.S. on international crime issues and has been helpful over the last two years in the extradition of U.S. fugitives wanted for prosecution in the U.S.

### II. Status of Country

Geographically, Belize is a significant transshipment point for illicit drugs between Colombia and Mexico. Contiguous borders with Guatemala and Mexico, large tracts of unpopulated jungles and forested areas, a lengthy unprotected coastline, hundreds of small islands and numerous navigable inland waterways, combined with the country's undeveloped infrastructure, add to its vulnerability to drug trafficking. A small amount of marijuana is cultivated in Belize, primarily for local consumption. There is no evidence of trafficking in precursor chemicals in Belize.

Law enforcement units—the Belize Police Department (BPD), the Belize Defence Force (BDF) and the International Airport Security Division—engage in counternarcotics efforts. For example, the Anti-Drug Unit (ADU) is a branch of the BPD responsible for counternarcotics operations and investigations. However, personnel shortages preclude forming a dedicated team to handle Money Laundering investigations. The Belize National Forensic Science Services (NFSS) laboratory is under the Ministry of Home Affairs; it is receiving technical assistance from the U.S.

### III. Country Actions Against Drugs in 2005

**Policy Initiatives/Accomplishments.** Belize inaugurated the BNCG on November 28, 2005. The new coast guard has 58 members; the majority were previously members of the BDF Maritime Wing and BPD. The BNCG will play a vital role in the interdiction of illicit drugs at sea, and it will be a major collaborator with the BPD.

**Law Enforcement Efforts.** Authorities seized 2,386 kilograms of cocaine in 2005, 354 kilograms of processed cannabis, and minor quantities of other drugs. There was a significant seizure of 2,376 kilograms of cocaine in September 2005. The DEA and Regional Security Office assisted the BPD in this operation. From January through October 2005, there were 1,414 arrests and 765 drug related convictions or sentences.

The GOB's most serious internal drug problem is rooted in drug-associated criminality. Obtaining convictions remains difficult, as the Office of the Public Prosecutor remains under-trained and under-funded. The GOB has refurbished its fingerprinting program with the Panamanian government and the FBI. This is thought to be the key factor in obtaining convictions.

**Corruption.** The GOB does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances, and does not discourage the investigation or prosecution of such acts. The GOB takes legal and law enforcement measures to prevent and punish public corruption. There are no laws in Belize that specifically cover narcotics-related public corruption. While there is no direct evidence of narcotics-related corruption within the government, other kinds of corruption are suspected in several areas of the government. For example, laws against bribery are rarely enforced and solicitations are reported.

**Agreements and Treaties.** Belize is a party to the 1988 UN Drug Convention. The U.S.-Belize extradition treaty entered into force in 2001, and the U.S.-Belize Mutual Legal Assistance Treaty (MLAT) in 2003. The GOB has completed enactment of implementing legislation to fulfill its obligations under the MLAT. Belize has not signed the UN Convention Against Corruption but is a party to the UN Conventional Against Transnational Organized Crime and its Trafficking in Persons protocol.

**Cultivation/Production.** The GOB conducted several successful marijuana eradication operations in 2005. By October 2005, 119,736 marijuana plants had been eradicated. There is no evidence that Belizean marijuana cultivation has any significant effect on the U.S. The BDF and BPD continue to conduct manual marijuana eradication missions on a regular basis using their own aerial reconnaissance program.

**Asset Seizure.** GOB law permits the seizure of assets connected to drug trafficking. In 2005 Belize seized six boats and currency worth US\$120,000. One quarter of the proceeds of sales of seized assets are returned to the police, but little is dedicated to counternarcotics.

**International Law Enforcement Cooperation.** Belize has joined other Central American countries participating in the Cooperating Nations Information Exchange System (CNIES). The CNIES assists in locating, identifying, tracking and intercepting civil aircraft in Belize's airspace in order to facilitate the interruption of illicit drug trafficking routes and the arrest of illicit drug traffickers, which has resulted in several significant seizures in coordinated interdiction operations, particularly with Guatemala.

**Drug Flow/Transit.** Maritime routes along Belize's lengthy coastline, remote border crossings, and navigable inland waterways are the suspected means for trafficking narcotics through Belize to Mexico, Guatemala, and the U.S. The major narcotics threat in Belize is cocaine transshipment through its territorial waters for onward shipment to the U.S. The primary means for smuggling drugs are go-fast boats transiting the reef system. Armed cargo guards protect shipments of cocaine. Often the drugs are off-loaded on the ocean side near the barrier reef to smaller vessels. The vessels freely transit inside Belize waters due to numerous hiding spots and the lack of adequate host nation resources and interdiction capabilities, including intelligence information. Colombian and Mexican drug traffickers have established partnerships leading to increased Mexican drug trafficking in Belize. These Mexicans have been masterminding clandestine aircraft and sea vessel drug operations within Belize.

**Domestic Program/Demand Reduction.** GOB demand reduction efforts are coordinated by the National Drug Abuse Control Council (NDACC), which provides drug abuse education, information, counseling, rehabilitation and outreach. NDACC also operates a public commercial campaign, complete with radio advertisements and billboards, designed to discourage youths from using drugs.

## IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives and Bilateral Cooperation.** The U.S. strategy in Belize is to assist the GOB in developing a sustainable infrastructure to combat its drug problems effectively. In 2005, the U.S. sponsored the travel of personnel from the FBI's Criminal Justice Information Service Division (CJIS) to Belize to conduct advanced certification in fingerprinting training. The U.S. also funded a Machine Readable Passport System (MRP) for the Belize Immigration and Nationality office, inaugurated in February 2005. The USG is supporting the Belizean Forensic Laboratory through training, equipment and technical assistance in the analysis of firearms exhibits and crime scene techniques. Improved capabilities will increase the justice system's successful investigations and prosecution of crimes. The U.S. assisted the Belize National Drug Abuse Control Council (NDACC) with programs for at-risk

school youth. The Belize National Coast Guard received two refurbished go-fast boats for counternarcotics operations.

**The Road Ahead.** Traffickers will continue to exploit Belize as a transshipment for cocaine. Support should focus on supporting police counternarcotics units, Belize National Coast Guard, units involved with crime scene investigations and chain of custody, the Department of Public Prosecutions, and the Financial Investigation Unit. Projects should include providing training and equipment to all law enforcement branches, and providing equipment to the BNFSS to better handle a wide range of analysis from and crime scene processing to drug and DNA. Improvements in communication, collection of crime scene evidence and forensic examination, and increased training within the Prosecutions Office are currently being pursued in an effort to strengthen the criminal justice system in Belize.

# Canada

## I. Summary

In 2005, the Government of Canada (GoC) promulgated counternarcotics legislation and expanded law enforcement cooperation and programs. Canada's Health Ministry, Health Canada, released the first edition of the National Framework for Action to Reduce the Harms Associated with Alcohol and Other Drugs and Substances in Canada in November 2005.

The growth of organized crime groups is of continuing concern to Canadian law enforcement. The Criminal Intelligence Service Canada reports that foreign organized crime significantly influences all aspects of the illicit drug industry. In March 2005, four RCMP officials were killed while assisting local police in a car repossession case during which law enforcement discovered a marijuana grow operation in rural Alberta.

Canada is party to the 1988 UN Drug Convention. In 2005, Canada was elected as a member of the UN Commission on Narcotic Drugs.

## II. Status of Country

Canada is primarily a drug-consuming country, but remains a significant producer of high quality marijuana and transit point for precursor chemicals and over-the-counter pharmaceuticals used to produce synthetic drugs (notably MDMA/ecstasy and methamphetamine). Canada is a source country for marijuana and MDMA, and a transit or diversion point for precursor chemicals and pharmaceuticals used to produce illicit synthetic drugs.

Canada's Renewed Drug Strategy (2003) provides a federal policy response to the harmful use of substances.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** The GoC issued the 2005 National Framework for Action to Reduce the Harms Associated with the Use of Alcohol and Other Drugs and Substances in Canada. The Framework is meant to generate dialogue by articulating a vision, setting strategic priorities, defining and clarifying roles, providing a coordinating mechanism and providing funding.

New legislation strengthened the GoC's ability to seize assets from those convicted of financially benefiting from illegal activities and enhanced cross-border intelligence sharing. In November 2005, the Parliament passed a Proceeds of Crime Bill that targets the illicit proceeds of organized crime, including serious drug offenses, and authorizes the courts to order the forfeiture of property of those convicted of either membership in a criminal organization or certain drug-related offenses.

In August, the GoC increased the maximum penalties for possession, trafficking, importation, exportation and production (ten years to life in prison) of methamphetamine. In November, the GoC implemented the Precursor Control Amendments which: strengthen verification of import and export licensing procedures, require that companies requesting those licenses provide additional detail in their initial requests, provide guidelines on the suspension and revocation of licenses for abusers and add controls of six chemicals that can be used to produce GHB and/or methamphetamine. It also authorizes pre-registration inspections of applicants for licensure, and permits Health Canada to consider adverse law enforcement information in licensure and renewal decisions.

The National Drug Manufacturers Association of Canada (NDMAC), a nonprofit industry association of health care product and over-the-counter medicine manufacturers, implemented MethWatch in early 2005. This voluntary program trains retailers to monitor and identify irregular sales of various methamphetamine precursors. It was developed in conjunction with the Royal Canadian Mounted Police (RCMP) and Health Canada and modeled after a public-private partnership program in Kansas.

**Law Enforcement Efforts.** During 2005, the RCMP conducted 430 marijuana investigations, raided 570 marijuana operations, seized nearly 250,000 marijuana plants and arrested 283 suspects. The RCMP conducted 87 clandestine laboratory investigations and 36 lab raids; over a third of the raids involved MDMA production and resulted in the seizure of 64,000 dosage units of illicit or harmful substances.

One example of many Canadian efforts against MDMA trafficking was Operation “Sweet Tooth” was a two year investigation on international MDMA and marijuana trafficking rings with drug smuggling and money laundering operations. It ranged from the Far East to North America and resulted in 291 arrests in the U.S. and Canada, and the seizure of 931,300 MDMA tablets, 1,777 pounds of marijuana, and \$7.75 million in U.S. assets. DEA, the RCMP and the Canada Border Services Agency (CBSA) dismantled two major drug transportation rings. These criminal organizations were responsible for distributing 1.5 million MDMA tablets per month.

In September, Canadian authorities uncovered in rural New Brunswick one of the largest outdoor marijuana cultivations found to date. Over 20,000 plants were destroyed. Five traffickers with Asian organized crime connections were arrested. Working with the DEA and Spanish authorities, the RCMP assisted in the seizure of a yacht containing one ton of cocaine off the coast of Spain. Four of Canada’s largest drug kingpins were arrested in connection with earlier seizures in the Atlantic Ocean of 1.5 metric tons of cocaine from various yachts.

**Corruption.** Canada holds its officials and law enforcement personnel to a high standard of conduct and has strong anticorruption controls in place. Civil servants found to be engaged in malfeasance of any kind are removed from office and are subject to prosecution. Investigations into accusations of wrongdoing and corruption by civil servants are thorough and credible. No senior government officials are known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. As a matter of government policy, Canada neither encourages nor facilitates illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** Canada is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Canada is also a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters; the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials; and the Inter-American Convention Against Corruption. Canada actively cooperates with international partners. The GoC has signed 30 bilateral mutual legal assistance treaties and 87 extradition treaties.

Judicial assistance and extradition matters between the U.S. and Canada are made through a Mutual Legal Assistance Treaty (MLAT) and an extradition treaty and protocols. The USG and GoC exchange forfeited assets through a bilateral asset sharing agreement.

**Cultivation/Production.** Marijuana cultivation is a thriving industry in Canada. It has also been a relatively minimum-risk activity due to low sentences meted out by Canadian courts. A September 2005 seizure of 20,000 marijuana plants in rural New Brunswick indicates that marijuana operations are moving into nontraditional areas. Though outdoor cultivation continues, the use of large and more sophisticated indoor grow operations is increasing because it allows year-round production. The

RCMP reports the involvement of ethnic Chinese and Vietnamese organized crime organizations in technologically-advanced organic grow methods that produce marijuana with elevated THC levels.

The demand for, and production of, synthetic drugs also appears to be on the rise in Canada, particularly methamphetamine and MDMA. Clandestine laboratories—traditionally located in rural areas but expanding into urban, residential neighborhoods—are becoming larger and more sophisticated. Reports of Gamma-hydroxybutyrate (GHB) use are increasing.

**Drug Flow/Transit.** Marijuana is smuggled primarily from British Columbia, Ontario and Quebec into the U.S. by all modes of conveyance. Significant seizures of MDMA from clandestine laboratories indicate they are larger and more sophisticated organized crime operations. Prior to 2004, MDMA arrived mainly in tablet or powder form from Europe. Shipments of MDMA powder and tablets were intercepted at Canadian ports of entry, notably Montreal, Toronto and Vancouver. The CBSA reported that (as of September 30) it had seized 54,194 doses of MDMA at the border.

Methamphetamine trafficking and availability rose during 2005. Most of the domestic supply is produced in clandestine laboratories which have, over time, spread eastward across the country. Approximately 95 percent of the methamphetamine sold originates from multi-kilogram operations. Most methamphetamine labs seized in Ontario, however, were small labs operated by individuals in rural areas. In Quebec, methamphetamine traffickers manufacture and market most of the product in tablet form.

The RCMP's strategic intelligence assessment "Drug Situation in Canada—2004," (issued in September 2005) noted that Canada was a source to Japan for MDMA, methamphetamine and marijuana.

The Caribbean islands of St. Lucia, St. Martin, Trinidad, Haiti, Jamaica and Antigua are the most common transit points for cocaine en route to Canada, followed by the U.S. Cocaine seizures at the British Columbia land border decreased in number, but increased substantially in size in 2005. Outlaw motorcycle groups, Italian and Caribbean crime groups in addition to Canadian-based independent organized groups are the principal smugglers of large cocaine shipments into Canada. Colombian brokers serve as intermediaries between Canadian organizations and Colombian producers. The CBSA reported that (as of September 30, 2005) it had seized 1.66 metric tons of cocaine at the border.

Opium and heroin seizures in Canada have risen steadily. The RCMP strategic assessment indicates that opium and heroin, originating in Afghanistan, Pakistan, Iran and India, are usually routed through a European country or the U.S., often by Southeast Asian and Southwest Asian traffickers. The CBSA reported that (as of September 30) it had seized 159.4 kilograms of opium and heroin.

**Domestic Programs.** While delivery of demand reduction, education, treatment and rehabilitation is primarily the responsibility of the provincial and territorial governments, Health Canada provides funding for these services. Canada has embarked on a number of harm reduction programs at the federal and local levels. A government-sponsored heroin injection site has been operating in Vancouver since 2003. In February 2005 the North American Opiate Medication Initiative (NAOMI) began recruiting addicts for a study to determine if addicts can live better lives if the drug is readily available. Several cities have also approved programs to distribute drug paraphernalia, including crack pipes, to chronic users.

## IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** The U.S. and Canada cooperate closely at the federal, state/provincial, and local levels. The annual U.S./Canada Cross-Border Crime Forum engages policy-makers and senior operational directors in a joint effort to guide the relationship strategically, to develop a common agenda, and to enhance operational coordination. The Forum's technical working groups continue to

identify priorities and areas for increased cooperation, such as intelligence sharing. For instance, U.S. and Canadian agencies collaborated on a joint cross-border drug threat assessment. These assessments also address one of the initiatives developed as part of the Security and Prosperity Partnership (SPP) action plan. Project North Star is an ongoing mechanism for law enforcement operational coordination at the state and local level. The successful joint Integrated Border Enforcement Teams (IBETs) have become a primary tool in ensuring that criminals cannot exploit the international border to evade justice. Currently, there are 15 IBET regions supported by 25 IBET teams, in which U.S. and Canadian law enforcement routinely work in tandem on border security matters.

The recently concluded shiprider agreement provides a new tool for law enforcement cooperation by providing trans-border law enforcement authority to Canadian law enforcement operating along and across the border. During the trial operation in September 2005, the U.S. Coast Guard (USCG) and RCMP officers worked together on maritime law enforcement issues in the Great Lakes.

A second related initiative is geographic maritime inhibitors, which require officers from both countries to transit each other's waters while staying in the channel. The Great Lakes has many areas where both countries need this framework. In July 2005, the GoC requested, and the USG granted, blanket diplomatic clearance for Canadian law enforcement officers to carry their weapons while transiting in and out U.S. waters on the Great Lakes aboard Canadian government vessels. The USG is seeking reciprocal treatment for U.S. federal maritime law enforcement officers.

Canada has recently expanded cooperative efforts with the United States against illicit trafficking in the transit zone from South America to North America by deploying Maritime Patrol Assets in support of Joint Interagency Task Force South.

**Road Ahead.** The RCMP will host the 2006 International Drug Enforcement Conference (IDEC) in May in Montreal. This annual, DEA-sponsored conference brings together high-ranking law enforcement officials from over 70 countries to share drug-related information and to develop a coordinated approach to combat criminal threats. The conference will identify emerging global trends and legislative needs in developing countries, and develop strategies to better equip those countries to target international drug organizations.

In 2006, the United States and Canada will continue to pursue joint operations against drug trafficking organizations.

The USG will look to Canada for cooperation in monitoring and tracking precursor chemical activity and interception of suspicious shipments; and in addressing the rise in MDMA production in Canada. The GoC should continue to look for ways to improve its regulatory and enforcement capacity—as well as to encourage industry compliance—to prevent diversion of precursor chemicals for criminal use. Canada should also continue its efforts to identify, disrupt and prosecute money laundering operations.

In the area of interdiction, the USG seeks reciprocal treatment with respect to transit of USG vessels and personnel in and out of Canadian waters on the Great Lakes. The U.S. further encourages Canada to take steps to improve its ability to expedite investigations and prosecutions. Strengthening judicial deterrents in Canada would also be useful.

The U.S. supports Canada's efforts to increase the availability of science-based treatment programs to reduce drug use, as opposed to measures which facilitate drug abuse in the hopes of reducing some of its harmful consequences.

# Costa Rica

## I. Summary

Costa Rica is one of the countries straddling the critical drug transit corridor between South American suppliers and the U.S. market and has become a major transshipment point for narcotics to the United States, as well as Europe. The Government of Costa Rica (GOCR) demonstrated professionalism and reliability as a hemispheric partner in combating the ever-changing and growing drug trafficking trade, seizing a record 6,749 kilograms of cocaine and 49.38 kilograms of heroin in 2005. Costa Ricans face the threat of increasing domestic drug consumption, particularly crack cocaine, along with the violence associated with drug use and trafficking. The GOCR continued to implement its 2002 law that criminalized money laundering and to support the 1998 bilateral Maritime Counterdrug Cooperation Agreement to improve its maritime security. The Counternarcotics Institute, created in 2003, enhanced its efforts in criminal intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is a party to the 1988 UN Drug Convention.

## II. Status of Country

Several of the primary maritime drug smuggling routes from Colombia to the U.S. cross Costa Rica's territorial waters, an area ten times larger than its land mass. On both the Pacific and Caribbean sides, large amounts of drugs pass through its waters in small go-fast boats and larger vessels disguised as fishing boats or arrive by air to transit north by land.

Costa Rica stringently licenses the importation and distribution of controlled precursor chemicals. The GOCR cooperates with the USG in combating narcotics trafficking, but budgetary limitations constrain the capabilities of its law enforcement agencies.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** The 1999 bilateral Maritime Counterdrug Cooperation Agreement and the 2000 Coast Guard Professionalization Law are the foundation for continuing professional development of the Costa Rican Coast Guard and improving maritime security. The Costa Rican Coast Guard Academy graduated 28 officers in 2005, bringing the total to 150 officials since it was established in 2002. Costa Rica is the depository country for the multilateral "Agreement Concerning Cooperation in Suppressing Illicit Maritime and Aeronautical Trafficking in Narcotics Drugs and Psychotropic Substances in the Caribbean Area" signed in 2003 in San Jose. The Costa Rican Counternarcotics Institute coordinates an annual counternarcotics country strategy. However, budget and resource limitations impede the full implementation of this plan.

**Accomplishments.** Close relations between U.S. law enforcement agencies and GOCR counterparts led to regular information-sharing and joint operations. As a result, Costa Rican authorities seized a record amount of illicit narcotics in 2005 and complied fully with its obligations under the 1988 UN Drug Convention. To promote regional counternarcotics cooperation, a major goal of Central American countries, the GOCR Mobile Enforcement Team (MET—an interagency team consisting of canine units, drug control police, customs police and specialized vehicles) coordinated eight cross-border operations with authorities in Nicaragua and Panama in 2005.

**Law Enforcement Efforts.** The primary counternarcotics agencies in Costa Rica are the Supreme Court's Judicial Investigative Police (OIJ—which includes a small, but highly-professional counternarcotics section) and the Ministry of Public Security's Drug Control Police (PCD). The OIJ investigates cases involving international narcotics trafficking. The PCD has responsibility for all drug

smuggling and drug interdiction at ports of entry. Other authorities include the Costa Rican Coast Guard, the Air Surveillance Section, and the 10,000-member police force.

In 2005, the GOCR seized a record 6,749 kilograms of cocaine (increasing seizures of crack by 30 percent), 881 kilograms of processed marijuana and 49.38 kilograms of heroin. It nearly doubled the eradication of marijuana to over one million plants. Costa Rica also confiscated almost \$800,000 in currency, 51 vehicles and 41 firearms. Drug-related arrests increased dramatically to 6,251 from 1,024 in 2004.

**Corruption.** Costa Rica signed the Inter-American Convention Against Corruption in 1996 and ratified it in 1997. Unprecedented corruption scandals during the two previous administrations involving apparent kickbacks to officials at the highest levels were exposed in 2004 and tested Costa Rica's legal system throughout 2005. Although the cases have not yet gone to trial, this challenge to the GOCR has strengthened its commitment to combating public corruption.

The GOCR aggressively investigates allegations of official corruption or abuse. During 2005, the GOCR arrested six public security officers and four OIJ investigators on suspicion of involvement with narcotics traffickers. In addition, a judge and a prosecutor were fired along with 23 other judicial branch employees for nondrug related offenses. U.S. law enforcement agencies have no credible evidence of senior GOCR officials engaging in, encouraging, or facilitating the production and distribution of illicit drugs or the laundering of proceeds from illegal criminal transactions.

**Agreements and Treaties.** The 1998 Maritime Counterdrug Cooperation Agreement continues to serve as the model maritime agreement for Central America and the Caribbean. The United States-Costa Rican extradition treaty, in force since 1991, has been actively used. Costa Rica ratified the Inter-American Convention Against Corruption and signed the UN Convention Against Corruption. Costa Rica ratified a bilateral stolen vehicles treaty in 2002. Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances.

Costa Rica and the United States are also parties to bilateral drug information and intelligence sharing agreements dating from 1975 and 1976. Costa Rica is a member of the Caribbean Financial Action Task Force and the Egmont Group. It is a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica is party to the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, the Protocol against the Smuggling of Migrants, and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms.

**Cultivation/Production.** Marijuana cultivation is extensive, but confined to remote areas. It is not exported to U.S. markets due to its low quality. Costa Rican authorities' eradication operations, which are independent of USG assistance, destroyed over a million marijuana plants in 2005. Costa Rica does not produce other illicit drug crops or synthetic drugs.

**Drug Flow/Transit.** Traffickers resort to frequent, smaller (50-500 kilograms) shipments of cocaine through Costa Rica in truck and passenger car compartments. Seizures of such shipments increased in southern Costa Rica. The trend toward increased trafficking of narcotics by maritime routes has also continued with 11 incidents and a total of 3,620 kilograms of cocaine seized at sea in 2005. Traffickers used Costa Rican-flagged fishing boats to smuggle drugs and to provide fuel for other go-fast boats.

**Domestic Programs (Demand Reduction).** Costa Ricans are increasingly concerned over growing domestic drug abuse, especially of crack cocaine. In 2005, the Prevention Unit of the Costa Rican Counternarcotics Institute, which coordinates drug prevention efforts and educational programs throughout the country, continued demand reduction campaigns with posters in schools, universities, and pharmacies. In addition, the Institute and the Ministry of Education distributed demand reduction materials to all school children. The MET team often visits local schools in the wake of a deployment.

The team's canines and specialized vehicles have proven effective emissaries for demand-reduction messages.

### IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** Costa Rica contributes to the U.S. goal of disrupting the hemispheric illicit drug trade and targeting the threat of international criminal organizations. Specific Costa Rican initiatives include: continuing to implement the bilateral Maritime Counterdrug Cooperation Agreement; enhancing the ability of the Air Section of the Public Security Ministry to respond to illicit drug activities by providing equipment and technical training; improving law enforcement capacity by providing training and equipment to the OIJ Narcotics Section, the PCD, the Intelligence Unit of the Costa Rica Counter Narcotics Institute, the National Police Academy, and the Customs Control Police; and increasing public awareness by providing assistance to Costa Rican demand-reduction programs.

**Bilateral Cooperation.** Under the terms of the bilateral Maritime Agreement, the U.S. has invested \$2.3 million to enhance mutual maritime security through the development of a professional Costa Rican Coast Guard. In addition, in 2005 the U.S. provided training, computer equipment, software and other equipment to the Ministry of Public Security, the Judicial Branch, the Costa Rican Counternarcotics Institute's Financial Intelligence Unit, and the inter-agency MET unit. Total U.S. investment in Costa Rican law enforcement agencies was \$414,000 for 2005. USG assistance programs have contributed to the seizure of over 6.7 metric tons of cocaine in 2005.

**The Road Ahead.** The U.S. will continue to provide technical expertise, training, and funding to professionalize Costa Rica's Coast Guard and enhance its capabilities to conduct maritime law enforcement operations in support of the bilateral Maritime Counterdrug Cooperation Agreement. The U.S. will also build upon the on-going successful maritime operations by devoting more attention and resources to land interdiction strategies, including expanded coverage of airports, seaports and border checkpoints. The U.S. will continue to cooperate closely with the GOCR in its efforts to professionalize its public security forces and implement and expand controls against money laundering.

# El Salvador

## I. Summary

El Salvador is a transit country for narcotics, mainly cocaine and heroin. In 2005, the National Police (PNC) seized 33 kilograms of cocaine and 24 kilograms of heroin. Salvadoran law enforcement agencies cooperated with U.S. authorities on cases that led to the U.S. conviction of 711 drug traffickers. Although El Salvador is not a major financial center, assets forfeited and seized as the result of drug-related crimes amounted to US\$521,151.

## II. Status of Country

Located in the isthmus between the United States and the major drug producing nations, El Salvador is a transit point for trafficking. Cocaine and heroin are the most commonly trafficked drugs. Precursor chemical production, trading, and transit are not significant problems.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** In 2005, the Government of El Salvador (GOES), in cooperation with other Central American countries, implemented Operation Controlled (Operacion Controlado) to interdict narcotics trafficking through Central America. The operation established joint patrols by the counternarcotics police of each country along the unmonitored areas in Central American border regions.

**Accomplishments.** Several significant developments during the year demonstrated the GOES commitment to achieving compliance with the objectives of the 1988 UN Drug Convention. The Embassy-supported Containerized Freight Tracking System (CFTS) at the Amatillo border crossing with Honduras has been in operation for a year and a half. The facility permits the GOES to inspect commercial and passenger vehicles arriving from Honduras. In 2005, police at the CFTS seized 5kg of marijuana, 8kg of cocaine, and 15kg of heroin, and arrested 16 individuals for trafficking offenses.

USG aircraft deployed to the Forward Operation Location (FOL) at the Salvadoran Air Force base in Comalapa track aircraft and sea vessels moving north towards the United States. FOL aircraft report their findings to U.S. law enforcement agencies, which then notify regional governments. In 2005, cooperation between the FOL, the Embassy, the Salvadoran Air Force, and the police resulted in the seizure of 46mt of cocaine, by U.S. law enforcement agencies and other regional governments.

In July 2004, the GOES implemented Plan Super Heavy Hand in response to rising youth gang violence. Although the plan addresses all gang related activity, it also aims to disrupt narcotics trafficking and distribution controlled by gangs. During the year, the police arrested 973 gang members and convicted 778 gang members for drug trafficking and distribution offenses.

**Law Enforcement Efforts.** Salvadoran law enforcement efforts are hindered by constitutional prohibitions against investigative tools such as wiretapping. Investigations were further hampered by a lack of cooperation between the Attorney General and the police. Although the Attorney General did not impede investigations, his failure to seek arrest and search warrants in a timely manner severely restricted police operations against narcotics trafficking.

Law enforcement efforts in 2005 were primarily focused on priority targets of mutual interest to both the United States and the GOES. Salvadoran police investigators and prosecutors traveled to the United States on numerous occasions to share intelligence and coordinate operations. Joint cooperation led to the conviction of William Eliu Martinez, a former Salvadoran federal legislator extradited to the United States on drug charges. Apart from joint operations, the PNC seized 480

kilograms of marijuana, 33 kilograms of cocaine, and 25 kilograms of heroin. PNC officers arrested 2696 individuals for drug related offenses, 711 of which resulted in convictions.

**Corruption.** As a matter of policy, the GOES does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Under Salvadoran law, using one's official position in relation to the commission of a drug offense is an aggravating circumstance that can result in an increased sentence of up to one-third of the statutory maximum. This includes accepting or receiving money or other benefits in exchange for an act or omission in relation to one's official duties. The PNC's Internal Affairs Unit and the Attorney General's Office investigate and prosecute GOES officials for corruption and abuse of authority.

In 2005, the INL-supported and U.S.-based National Strategic Information Center, in cooperation with the Salvadoran Ministry of Education, continued implementing the Culture of Lawfulness program in Salvadoran schools. The program focuses upon the advantages, to the individual and society, of a culture of lawfulness. Special emphasis is placed on the social costs of corruption and bribery. In 2005, 15 teachers were trained in the mechanics of presenting the program.

El Salvador is a party to the Inter-American Convention Against Corruption. Consistent with the country's obligations under that Convention, the law criminalizes soliciting, receiving, offering, promising, and giving bribes, as well as the illicit use and concealment of property derived from such activity. El Salvador is also a party to the UN Convention Against Corruption.

**Agreements and Treaties.** El Salvador is a party to the 1971 UN Convention on Psychotropic Substances; the 1961 UN Single Convention as amended by the 1972 Protocol; the Central American convention for the Prevention of Money Laundering Related to Drug-Trafficking and Similar Crimes; the UN Convention against Transnational Organized Crime and its three protocols. The current extradition treaty between the United States and El Salvador does not mandate the extradition of Salvadoran nationals. Negotiation of a new treaty has stalled in light of a Salvadoran constitutional ban on life imprisonment, which may prove an obstacle to extradition in some cases. Narcotics offenses are covered as extraditable crimes by virtue of the 1988 UN Drug Convention.

**Cultivation/Production.** Small quantities of poor quality marijuana are produced in the mountainous regions along the border with Guatemala and Honduras for domestic consumption. The small quantity and poor quality of the crop does not justify the expenditure of a systematic campaign against it. There is no evidence of poppy cultivation.

**Drug Flow/Transit.** Cocaine and heroin from Colombia typically transits El Salvador via the Pan-American Highway and maritime routes off the country's Pacific coast. Most drugs transiting terrestrially are carried by commercial bus passengers in their luggage. Both heroin and cocaine also transit by go-fast boats and commercial vessels off the Salvadoran coast.

**Domestic Programs (Demand Reduction).** The GOES manages its demand reduction program through several government agencies. The Ministry of Education presents lifestyle and drug prevention courses in the public schools, as well as providing after school activities. The PNC operates a D.A.R.E. program modeled on the U.S. program. The Ministries of Governance and Transportation have units that advocate drug-free lifestyles. The Public Security Council (Consejo Nacional de Seguridad Publica) is actively involved in demobilization and substance abuse prevention within Salvador's gang communities.

The Embassy-supported Salvadoran NGO FundaSalva works with the GOES to provide substance abuse awareness, counseling, rehabilitation, and reinsertion services (job training) to the public. In 2005, FundaSalva provided demand reduction services to over 60 individuals. The Embassy also sponsors the U.S.-based "Second Step" program. Second Step is taught in first grade and assists teachers to identify antisocial behavior that later leads to substance abuse and violence. Other less

comprehensive demand reduction programs exist, and they are usually faith-based and run by recovering addicts or religious leaders.

### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** U.S. assistance primarily focuses upon developing El Salvador's law enforcement agencies, increasing the GOES ability to combat money laundering and public corruption, and ensuring a transparent criminal justice system. From August 5 to October 8, 2005, USG agencies and Central American police forces conducted Operation All Inclusive to gather intelligence on and take enforcement actions against regional narcotics trafficking operations. The successful operation netted 43mt of cocaine, 88 kilograms of heroin, 27mt of marijuana, and 372 arrests.

**Bilateral Cooperation.** The United States provided funding for operational support of Grupo Cuscatlan and the high-profile crimes unit (GEAN) within the Anti-Narcotics Police. The United States also funded training and travel related to airport security, money laundering, maritime boarding operations, and antigang measures. DEA and INL officers work closely with the PNC counternarcotics unit, the PNC financial crimes unit, the Financial Investigations Unit of the federal prosecutor's office, and the federal banking regulators on issues relating to drug trafficking and money laundering.

**Road Ahead.** The United States will continue to provide operational support to Salvadoran law enforcement institutions, anti-money laundering training, and essential investigative tools. Together with the U.S. Department of Treasury, the U.S. Embassy in El Salvador plans to provide a secure communication link and database to be shared by the police, the Attorney General's office, and the banking regulators to facilitate money laundering and narcotics investigations.

# Guatemala

## I. Summary

Guatemala is a major drug-transit country for cocaine and heroin enroute to the United States and Europe. In spite of substantial counternarcotics efforts by the Government of Guatemala (GOG) in 2005, large shipments of cocaine continue to move through Guatemala by air, road, and sea. A limited amount of opium poppy has been detected and eradicated. The government is committed to attacking corruption. Insufficient resources, weak GOG middle management, and widespread corruption hamper the GOG's ability to deal with narcotics trafficking and organized crime.

## II. Status of Country

Guatemala is a preferred transit point in Central America for onward shipment of cocaine to the United States. Most cocaine destined for the United States transits the Mexico/Central America corridor. Guatemalan law enforcement agencies interdicted 4.2 metric tons of cocaine in 2005, about the same as the previous year's 4.5 metric tons. Although USG assistance enabled the refurbishment of two of Guatemala's A-37 interceptor aircraft, Guatemala has limited capability to project force into the extreme northern area of the country where traffickers operate clandestine airstrips. Narcotics traffickers pay for transportation services with drugs, which enter into local markets leading to increased domestic consumption and crime.

In 2005, 48 hectares of opium plants were eradicated in Guatemala. Marijuana is also grown, but only for local consumption. During 2005, the Ministry of Health was able to inspect all drug manufacturers and distributors for compliance to rules related to pseudoephedrine.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** The GOG uses a multi agency-working group to focus their counternarcotics efforts. This mechanism allowed Guatemala to make progress on thirteen 2005 benchmarks for counternarcotics certification. In December, the Berger government obtained congressional reauthorization for three years of the law permitting joint U.S./Guatemalan military and law enforcement operations to take place in Guatemala. Five such operations (known as "Mayan Jaguar") were held in 2005 under the Central Skies operational framework (an operation involving Central American countries and DOD's Joint Interagency Task Force South), including two operations to implement the bilateral maritime agreement. Likewise, the GOG agreed to two Mayan Jaguar operations designed to support DEA's region-wide Operation All Inclusive.

**Accomplishments.** In 2005, the GOG, in a joint operation with DEA, cooperated in the investigation and arrest of three corrupt Guatemalan police officials, among them the chief and deputy of Guatemala's drug police (SAIA—the Anti-Narcotics Analysis and Information Services). Guatemala also pursued numerous public corruption cases against former public officials, army officers and police. The money-laundering law is also being used as an anticorruption tool.

During 2005, the GOG agreed to seven transfers of third country alien prisoners through Guatemalan territory under the terms of the maritime agreement. A total of 67 drug traffickers arrested by the USCG in international waters were thus transferred to the U.S. for prosecution, allowing USCG assets to remain on station to pursue drug interdiction/homeland security missions. SAIA seized 4.2 tons of cocaine in 2005. The GOG also eradicated 48 hectares of opium poppy.

**Law Enforcement Efforts.** There is close cooperation between the USG and the Guatemalan Air Force (GAF), particularly during Mayan Jaguar exercises. When it can, the GAF provides air assets for interdiction missions and airlift for police and prosecutors conducting drug interdiction and eradication operations. Aging aircraft and lack of money for fuel continue to be constraints.

The Public Ministry's narcotics prosecutors receive USG training and assistance, and continue to try cases and achieve convictions, but success in prosecuting major organized crime figures, including narcotics traffickers, has been limited. The GOG wants to change this record and has been working closely with NAS and DEA to obtain passage of legislation that will authorize wiretapping, controlled deliveries and undercover operations, and strengthen conspiracy laws.

**Corruption.** Corruption remains a large obstacle for GOG counternarcotics programs. There are frequent allegations against police, prosecutors, and judges. Close cooperation with Guatemalan authorities enabled DEA to successfully investigate and arrest in the United States three corrupt Guatemalan police officials; the chief and the deputy chief of the SAIA, and the SAIA official in charge of operations at the Santo Tomas seaport. The SAIA is now under the direct supervision of the PNC Inspector General, who is working to purge all corrupt officers. Numerous management changes are being made and SAIA's investigators and all officers will be scrutinized through a detailed background and financial questionnaire, a background investigation, polygraph exam, and urinalysis testing.

The Director General of the police has established a "zero tolerance" policy on corruption. During 2005, there were 1428 cases opened against police officers, including 27 command-level and 133 mid-level officers. One hundred more officers were fired from the criminal investigation division. In 2005, the 11 police arrested in 2003 for attempting to steal 10 kilograms of cocaine from the drug warehouse were convicted and all received prison sentences. However, the convictions were reversed on appeal.

The attorney general opened 147 corruption cases during 2005. Additionally, an extradition request is pending in Mexico against the former president, the former vice president is awaiting trial, and the former finance minister was convicted and sentenced to three years in prison, commutable by fine.

**Agreements and Treaties.** Guatemala is a party to the 1961 UN Single Convention and its 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; the 1988 UN Drug Convention; the Central American Commission for the Eradication of Production, Traffic, Consumption and Illicit Use of Psychotropic Drugs and Substances; and the Central American Treaty on Joint Legal Assistance for Penal Issues. Guatemala is a party to the UN Convention Against Transnational Organized Crime and its three protocols.

The extradition treaty between the GOG and the USG dates from 1903. A supplementary extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. When a Guatemalan citizen is involved, an extradition request will usually involve a significant expenditure of effort and time due to the required legal procedures. U.S. citizen fugitives are usually expelled to U.S. custody on the basis of violations of Guatemalan immigration laws, a much shorter process. During 2005, the GOG consolidated all U.S. requests for extradition in drug and organized crime cases in specialized courts located in Guatemala City. The new procedures are expected to expedite processing of extradition requests.

**Cultivation/ Production.** Opium poppy cultivation is a re-emerging problem. During the spring 2005 poppy cultivation season, Guatemala manually eradicated 48 hectares of poppy. The GOG allowed a U.S.-funded Regional Aerial Reconnaissance and Eradication (RARE) deployment in November. This overflight reconnaissance mission observed poppy cultivation in numerous small fields, totaling about 11 to 12 hectares, and it is believed that additional poppy exists. Target packages developed from this mission will be incorporated into the next major GOG manual poppy eradication operation. Guatemala

has significant marijuana cultivation, all of which is consumed locally. The GOG eradicated 66 hectares of poppy in 2005.

**Drug Flow/Transit.** This year, the trend for drug delivery to Guatemala shifted to increased use of go-fast boats and commercial fishing vessels. Commercial containers continue as major land and sea avenues for smuggling larger quantities of drugs through Guatemala's ports of entry. Other than one major seizure (997 kilograms in Puerto Santo Tomas), there have been few successful interdictions of this nature. Guatemala's Port Security Program (PSP) is trying to improve counternarcotics interdiction at the seaports. The PSP is self-financed by a fee levied on shipping companies and provides monetary and technical assistance to the SAIA agents who operate in the ports. The USG provides technical assistance, logistical support, and training. Seizures have been low due to continuing corruption in the seaports.

Cocaine loads are broken down into smaller loads in Guatemala, then transit Mexico enroute to the U.S. DEA information suggests that Guatemalan opium gum is shipped into Mexico, then processed in Mexico for distribution.

**Domestic Programs/Demand Reduction.** Guatemala's demand reduction agency, SECCATID, continued to implement the National Program of Preventive Education and trained 2,037 teachers using the "train the trainer" concept with the participation of the Ministries of Health and Education. SECCATID also provided drug prevention seminars to youth groups, public and private companies, security forces and medical associations. Public awareness efforts also included distribution of drug prevention pamphlets, brochures and educational materials around the country.

In coordination with NAS, the Organization of American States/CICAD and the Guatemala Statistics Institute, a general household study on drug usage is being conducted to determine the degree of drug accessibility, use and abuse in the local population. The results of the survey will allow Guatemala to focus prevention efforts where the risk is highest. Guatemala also implemented a 16-week drug prevention pilot program called Second Step in six preschools in the capital. Recent research indicates that the combination of social, emotional and academic skills must be reinforced with pre-school children to ensure they remain in school and avoid violent behavior and substance abuse.

#### IV. U.S. Policy Initiatives and Programs

U.S. strategy in Guatemala focuses on strengthening GOG law enforcement and judicial sector through training, technical assistance, and the provision of equipment and infrastructure, especially for the units directly involved in combating narcotics trafficking and other international organized criminal activity that directly affects the U.S. Special emphasis is placed on management skills, leadership, human rights, investigative techniques, and case management issues. The U.S. strategy also is aimed at reducing the level of corruption in Guatemala by implementing training, education, and public awareness programs.

**Bilateral Cooperation.** Working with the office of the Vice President to support Guatemala's demand reduction agency, SECCATID, the USG provides technical assistance in education, training and public awareness programs. The USG also works with the Public Ministry and the Attorney General to support three task forces dealing with narcotics, corruption and money laundering investigations. The USG provides support for the specialized drug police, the SAIA, through an agreement with the Ministry of Government. An important part of this program is the Regional Counternarcotics Training Center. The school primarily teaches the basic entry course for new SAIA agents, narcotics investigations and canine narcotics detection. They also offer regional courses in polygraph, false documents, intelligence analysis, and canine explosive detection, among others. This year students participated from Argentina, Colombia, Ecuador, Mexico, Panama, Paraguay, Peru, Santo Domingo, Trinidad and all of Central America except Costa Rica.

The Law Enforcement Development Unit (NAS-LED) supports the development of a model precinct in Villa Nueva (a suburb of Guatemala City). In 2005, the model precinct arrested 300 gang members, many of whom were involved in street level drug distribution. As a result, many crime indices declined in Villa Nueva during 2005, including homicides, auto theft, and robberies of homes and businesses. This work also includes community policing.

**The Road Ahead.** Future efforts will focus on investigations, interdiction, corruption, money laundering, task force development, and restructuring the SAIA so that it can be an effective drug enforcement partner. A successful interdiction and maritime strategy will necessarily involve close cooperation with units of the Guatemalan military that have a clean human rights record, within the limits of existing U.S. law and policy. The USG will also continue to assist the GOG in improving the successful Regional Counternarcotics Training Center.

# Honduras

## I. Summary

Honduras is a transit country for shipments of cocaine going from the source zone to the U.S. Traffickers transport drugs over land, by sea, and through Honduran airspace. The Government of Honduras (GOH) faces significant obstacles in terms of funding, a weak judicial system with heavy caseloads, lack of coordination, and inadequate leadership. The newly elected president has vowed to attack corruption, and new measures have been implemented to polygraph special investigative units within the Honduran Public Ministry. Honduras is a party to the 1988 UN Drug Convention.

## II. Status of Country

Honduras is a transit country for drug trafficking, and recent reports indicate increased trafficking. The transshipment of drugs through the country via air, land, and sea routes is actively monitored by USG and Honduran counternarcotics police and military units.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** Presidential elections took place in Honduras in November 2005 and the new government has vowed to take stronger measures against crime and the fight against drugs. The new president has also promised stronger international cooperation and increased numbers of the national police.

**Accomplishments.** Counternarcotics forces seized 269 kilograms of cocaine; 2.5 kilograms of heroine, approximately 1.3 metric tons of marijuana, and arrested 800 people during 2005. A total amount of USD\$4,319,031 in assets were seized.

The Frontier Police Special Investigative Unit has been working closely with the Public Ministry Organized Crime Unit in drug investigations which have led to arrests with substantial seizures primarily along the north coast. They are also investigating money laundering with logistical assistance from the USG. The USG-supported counternarcotics Special Vetted Unit is responsible for the gathering of sensitive narcotics intelligence. Working with the Frontier Police and the Public Ministry it has been instrumental in the disbanding of major international organized drug rings and the arrest of high profile drug dealers.

**Law Enforcement Efforts.** The number of arrests related to drug activities continues to rise as a result of interdiction operations by the Frontier Police and other forces. A criminal database to organize information is under development and has already given positive results. Prosecution is less successful. Funding constraints hamper Public Ministry counternarcotics agencies charged with the investigations and prosecution of drug cases. Police must also meet the challenge of criminal behavior that often includes drug dealing associated with youth gangs.

**Corruption.** As a matter of policy, the GOH does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances. The GOH takes legal and law enforcement measures to prevent and punish public corruption. Honduras is a party to the OAS Inter-American Convention Against Corruption and the UN Convention Against Corruption.

The USG is strongly supporting anticorruption concerns within the Ministry of Public Security and the Public Ministry by providing funding and logistical support to the newly-formed Internal Affairs Office within the National Police.

**Agreement and Treaties.** Honduras has counternarcotics agreements with the United States, Belize, Colombia, Jamaica, Mexico, Venezuela, and Spain. Honduras is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. Honduras recently certified its major public maritime ports in compliance with International Ship and Port Facility Security codes and is an active member of the Inter-American Drug Abuse Control Commission (CICAD). Honduras is a party to the UN Convention Against Corruption and the UN Convention Against Transnational Organized Crime. A U.S.-Honduras maritime counternarcotics agreement entered into force in 2001 and a bilateral extradition treaty is in force between the U.S. and Honduras. Honduras is one of ten nations to sign a bilateral Caribbean Maritime Counterdrug Agreement with the U.S., but has not yet ratified it.

Border container security efforts have been beefed up and a Declaration of Principle was signed between the U.S. and Honduras on December 15, 2005 as part of the Container Security Initiative (CSI) for the inspection of sea-going cargo destined to the U.S. and other countries. Countries such as the U.S., Belize, Colombia, Jamaica, Mexico, Venezuela, and Spain have all signed counternarcotics agreements with the country of Honduras.

**Cultivation/Production.** Small number of marijuana plants has been discovered around the Copan area, but they are not considered a major drug cultivation by either USG agencies or the GOH counternarcotics forces.

**Drug Flow/Transit.** It is widely believed that the flow of drugs through Honduras has increased. Remote areas, such as the Department of Gracias A Dios, are heavily affected. The USG, in conjunction with GOH maritime interdiction efforts, has been successful in apprehensions and arrests of persons and ships involved in drug trafficking. Several ships have been detained and decommissioned as a result, with considerable amounts of illegal drugs captured along the northern coast of Honduras.

Gang members are being utilized by organized crime rings to guard drug shipments in exchange for drugs and weapons. Several major loads of weapons for drugs shipments have been intercepted in combined operations conducted by the GOH Ministry of Public Security and the Public Ministry Organized Crime Unit. It has been established that these transactions were being conducted between Honduran gun runners and Colombian drug dealers.

The Declaration of Principal Agreement (DOP) initiated the Container Security Initiative (CSI) shared by the U.S. Customs & Border Protection with participating countries. This will be a major deterrent to target drug smuggling, weapons trafficking, and terrorism utilizing ocean-going, containerized cargo.

**Domestic Programs/Demand Reduction.** Public perception attributes drug usage, especially among the youth, to lack of economic development, poverty, and unemployment. A growing concern is the increased drug trafficking and use by gang members, which target young school children. The Honduran Government is conscious that drug trafficking and usage pose security threats as well as social problems. Programs to deal with these problems include the cooperation of numerous church and NGO groups dealing with proactive drug awareness and rehabilitation programs. Job skills, family counseling, Demand Reduction, and pro-active projects are also included in these efforts to assist in counternarcotics activities. The USG sponsors an umbrella NGO project—known as the Institute for the Prevention of Alcoholism and Drug Abuse (IHADFA) and Ministries of Public Health (CIHSA)—which provides assistance to approximately seventy such groups that deal directly with public assistance in all of these efforts.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** Honduras has pledged to increase its counternarcotics initiatives. These initiatives include the expansion of maritime interdiction, especially along the north coast where most of the drug trafficking occurs. The new GOH administration ran on an anticorruption platform, and has made combating drug activities one of its major priorities. The government plans to strengthen international cooperation to confront these illegal activities.

**Bilateral Cooperation.** The USG continues to support and work closely with Honduran Law Enforcement counternarcotics entities in investigations and operations against drug trafficking. Additional training, such as Basic and Advanced Criminal Investigative, Money Laundering, Drug Handling & Identification, and Questionable Documents courses have been added to existing assistance programs for both the Ministry of Public Security and Public Ministry offices.

In 2005, the U.S. Customs & Border Protection Special Tactics Unit (BORTAC) provided equipment and tactical training to the Internal Affairs investigators charged with the arrest and detention of corrupt officers. Cases investigated and turned over for Administrative and Legal actions against officers charged with alleged misconduct and illegal activities continue to grow. Entire Special Operations Units with the National Police and the Public Ministry, which deal directly with U.S. Embassy agencies, have been submitted to polygraph testing and fully vetted to increase security and confidentiality in the handling of sensitive information. Several GOH officials have been charged in corrupt practices and are awaiting prosecution.

**The Road Ahead.** Drug interdiction operations will be strengthened along the north coast, along with more concentrated enforcement in other areas of the country. Stronger law enforcement and judicial efforts are expected to result in continued GOH cooperation against drug trafficking. A strong stand must be taken on corruption.

## Mexico

### I. Summary

During 2005, Mexican authorities arrested numerous drug traffickers in an attempt to dismantle major drug cartels operating in Mexico. According to the Government of Mexico (GOM), law enforcement authorities seized over 30 metric tons of cocaine, 330 kilograms of heroin, 887 kilograms of methamphetamine, 1,760 metric tons of marijuana, and 280 kilograms of opium gum. The Office of the Attorney General (PGR) and the Secretariat of National Defense (SEDENA) acted against personnel who engaged in corrupt practices and eradicated poppy and marijuana crops. According to the GOM, 30,885 hectares of cannabis and 20,803 hectares of opium poppy—a 30 percent increase over 2004—were eradicated in 2005. Several entities of the PGR, including the Federal Investigative Agency (AFI), the National Center for Analysis, Planning, and Intelligence Against Organized Crime (CENAPI), and the Forensics Laboratory, established professional cadres of investigators, analysts, and technicians.

President Fox and other cabinet officials pressed forward with reforms aimed at establishing more professional police institutions and promoting greater accountability and transparency. Extraditions reached an all-time high, with the Government of Mexico (GOM) extraditing 41 fugitives to the United States in 2005, compared with 34 during the previous year. In November, the Mexican Supreme Court ruled that imposition of sentences of life imprisonment did not violate the Mexican constitution, thus eliminating another obstacle to extradition.

Mexico is a party to the 1988 UN Drug Convention.

### II. Status of Country

Mexico continued to be the principal transit country for cocaine entering the United States, with 70 to 90 percent of the cocaine destined for the U.S. passing through the Mexican mainland or the country's periphery. Mexico also served as the main foreign source of marijuana consumed in the U.S. as well as a major supplier of heroin. Most cocaine smuggled into Mexico from Colombia for distribution in the United States arrived via Eastern Pacific and Western Caribbean maritime routes in ocean vessels or go-fast boats. The eastern coast of the Yucatan was used less frequently than the Eastern Pacific route, although some increase in activity occurred. Traffickers also used air cargo, couriers, and mail parcels through Mexico and Central America, particularly for Colombian heroin. Air traffic from South America remained high, particularly to the tri-border region of Mexico, Belize, and Guatemala.

Geographic proximity contributed to Mexico's status as a principal supplier of heroin, accounting for about 30 percent of the U.S. market, despite Mexico's relatively small percentage of worldwide production. Mexican marijuana cultivators provided the largest foreign source of marijuana for the U.S. market. Cannabis and opium poppy growers employed small, widely dispersed plots in remote, hard-to-access areas, particularly in the Sierra Madre Mountains. This tactic allowed cultivators to hinder detection and eradication of crops. During 2005, favorable climate and terrain permitted two-to-three opium poppy harvests and two cannabis harvests in the major cultivation areas.

Mexico continues to be the largest foreign source of methamphetamine distributed in the United States. While there are no reliable estimates, the annual increase in methamphetamine seizures along the U.S. southwest border since 2001 suggest that Mexican trafficking organizations have significantly increased methamphetamine production in Mexico for distribution into the United States. Trafficking organizations established clandestine methamphetamine laboratories in western and northwestern Mexico. Methamphetamine is smuggled along the entire southwest border. Mexican traffickers

continued to dominate operations in the United States, controlling most of the primary distribution centers. U.S. and Mexican authorities worked closely to dismantle these operations on both sides of the border. Violence erupted in various border cities, particularly Nuevo Laredo, as rival cartels fought for control of smuggling routes. In response, Mexican authorities initiated Operation “Secure Mexico” and deployed federal police units to Nuevo Laredo to counter such violence, while U.S. law enforcement entities shared information with Mexican counterparts on drug groups operating near the border. In addition, the GOM and the U.S. conducted Operation Border Unity, a bi-lateral, multi-agency effort to address violence on both sides of the border in the Laredo/Nuevo Laredo area.

The GOM has made progress in the regulation of precursor chemicals. In 2005, the Federal Commission Against Sanitary Risks reduced the importation of precursor chemicals by 40 percent by limiting pseudoephedrine imports to pharmaceutical manufacturers. It also revoked the import licenses of chemical distributors, placed pseudoephedrine combination products behind the counter in pharmacies, and limited retail transactions.

### III. Country Actions Against Drugs in 2005

**Policy Initiatives.** President Fox named Daniel Cabeza de Vaca as Attorney General in late April. He also named Center for National Security Research (CISEN) Director Eduardo Medina Mora as Secretary of Public Security after Secretary Ramon Martin Huerta died in a helicopter crash in September.

During 2005, AFI agents and investigators played a central role in the investigation and arrest of drug traffickers, violent kidnappers, and corrupt officials. AFI has developed into the centerpiece of GOM efforts to promote more professional, honest, and effective law enforcement institutions. AFI leaders established a career path for all investigators, characterized by job stability, upward mobility, periodic salary increases, clear guidance on requirements for advancement, and promotions based on merit and seniority. Additionally, AFI personnel deployed in November 2005 sophisticated vehicle and cargo inspection system mobile units to conduct inspections of vehicles for drugs, explosives, and other contraband in strategic locations throughout Mexico. An AFI chemical response team also received a specially equipped clandestine laboratory vehicle and training to conduct raids of clandestine laboratories that produce methamphetamine and other controlled substances. Officials at the Federal Commission Against Sanitary Risks of the Secretariat of Health also received computer equipment and software to help track imports of precursor chemicals and controlled substances in the legal market.

**Accomplishments.** In 2005, there were 28 separate major actions in which the GOM made arrests of key traffickers and prosecuted corrupt officials associated with major trafficking groups. These major actions also led to several major interdiction successes by GOM law enforcement and military units resulting in the seizure of over 18.5 metric tons of cocaine, 14.5 metric tons of marijuana and the recovery of over \$18 million in illicit proceeds.

**Law Enforcement Efforts.** According to the GOM, in 2005 Mexican authorities seized over 30 metric tons of cocaine HCl, over 1,760 metric tons of marijuana, 330 kilograms of heroin, 280 kilograms of opium gum, and 887 kilograms of methamphetamine. They also seized 1,643 vehicles, 60 maritime vessels, and eight aircraft. Authorities arrested 14,762 persons on drug-related charges during the first eleven months of 2005, including 14,633 Mexicans and 129 foreigners, according to statistics from CENAPI. Cumulatively, Mexican officials arrested over 50,000 drug traffickers during the first five years of the Fox Administration, including 2005.

Despite these efforts, drug interdiction remains a challenge: drug trafficking organizations rapidly replace arrested members, some of which continue to operate from prison; quickly adjust market share between rival narcotics organizations; and recruit the services of corrupt officials.

**Corruption.** Efforts against corruption remained one of the top priorities of the GOM during 2005. President Fox and other senior officials have demanded that all agencies, departments, and government institutions, including Mexican military services, adhere to strict enforcement of anticorruption measures to detect and punish corrupt personnel. Aggressive investigations, provision of better pay and benefits for employees, enactment of civil service coverage for selected agencies and institutions, as well as better selection criteria for potential candidates for employment within the government, have all promoted efforts to deter corruption.

Fox Administration officials recognize the importance of changing public attitudes regarding transparency and the rule of law. Secretariat of Public Education (SEP) officials have worked with the National Strategy Information Center (NSIC) to expand “Culture of Lawfulness” curriculum in Mexican schools designed to teach about the adverse effects of corruption and promote greater respect for the rule of law. During 2005, over 106,000 students attended “Culture of Lawfulness” courses at middle schools in ten states, while another 10,000 pupils attended a new course for high-school students in Baja California. Various federal, state, and local governments have initiated “rule of law” training for police personnel.

From January through October 2005, SFP officials conducted more than 4,512 investigations into possible misconduct by federal officers and government employees. These investigations resulted in the issuance of 68 warnings, 1,296 reprimands, suspensions of 918 employees, dismissals of 284 federal employees, dismissals of another 1,058 employees with re-employment sanctions or restrictions for service within the government sector, and 905 economic sanctions resulting in over 3 billion pesos (about \$300 million) in fines and recoveries. Most sanctions resulted from violation of laws or abuse of authority by public servants.

**Agreements and Treaties.** Mexico is a party to the 1961 United Nations Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 United Nations Convention on Psychotropic Substances. Mexico also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere and 1990 Declaration of Ixtapa, which committed signatories to take strong actions against drug trafficking, including controlling money laundering and preventing diversion of precursor chemicals. In April 2003, Mexico ratified the Protocol against the Illicit Manufacturing of and Trafficking in Firearms that supplements the United Nations Convention Against Transnational Organized Crime (The Palermo Convention).

Mexico is a party to the Inter-American Convention Against Corruption and, in July 2004, ratified the United Nations Convention Against Corruption. This Convention, which entered into force on December 14, 2005, obligates parties to criminalize corrupt acts such as bribery, extend mutual legal assistance to help prosecute suspected offenders, aid in the identification and recovery of assets resulting from corruption, and aid in the detection and prevention of financial crimes.

The current U.S.-Mexico Extradition Treaty entered into force in 1980. A Protocol to the Extradition Treaty that would permit the temporary surrender for trial of fugitives serving a sentence in one country but who are wanted on criminal charges in the other, entered into force in 2001, but still lacks implementing legislation in Mexico. Legislation is pending before the Mexican Congress, as part of broader reforms to Mexico’s domestic extradition law. Also, the United States and Mexico are parties to a bilateral Mutual Legal Assistance Treaty (MLAT), which entered into force in 1991 and is used regularly.

**Extradition and Mutual Legal Assistance.** Mexican authorities extradited a record 41 fugitives to the United States in 2005—up from 34 in 2004. The fugitives included Mexican citizens and defendants accused of narcotics trafficking, money laundering, and other serious crimes.

In November 2005, the Mexican Supreme Court ruled that sentences of life in prison without the possibility of parole do not violate the Mexican Constitution’s prohibition on cruel and unusual

punishments. This decision is a major breakthrough in the U.S.-Mexico extradition relationship and will facilitate the extradition of fugitives facing life imprisonment in the United States for major drug trafficking and violent crimes. In many major narcotics cases, defendants must face pending criminal charges in Mexico before they can undergo extradition. The U.S. and Mexican governments held a seminar in March 2005 to provide training and guidance to facilitate extraditions from the United States to Mexico.

In addition to extraditions, Mexican law enforcement agencies have continued to coordinate closely with the U.S. Marshals Service (USMS) and FBI in the deportation or expulsion of numerous fugitives to the United States. In 2005, Mexican police and immigration authorities deported or expelled over 190 fugitives, who were wanted to stand trial or serve sentences in the United States.

**Cultivation and Production.** PGR and military personnel conducted ambitious eradication missions. SEDENA deployed up to 35,000 troops at any one time to destroy drug crops manually, while the PGR flew helicopters to spray paraquat, a widely used herbicide, on crops. The army accounted for about 80 percent of the eradication totals, while the PGR Air Services Section accounted for the remaining 20 percent, often in the most difficult-to-reach areas. As of November 2005, preliminary GOM data indicated that overall eradication of marijuana remained at the 2004 level, amounting to 30,882 hectares, while destruction of opium poppy crops increased to 20,464 hectares, a 28-percent increase over the previous year.

**Drug Flow and Transit.** Between 70 and 90 percent of cocaine entering the United States from South America passed through mainland Mexico or its waters. Mexico remained a major transit and production zone for marijuana, heroin, and methamphetamine destined for the United States. These illegal drugs are smuggled along the entire southwest border. Drug traffickers have established numerous clandestine laboratories in northwestern Mexico for production of methamphetamine. Mexican traffickers continued to dominate drug distribution in the United States, controlling most of the primary distribution centers.

**Domestic Programs.** The National Council Against Addictions (CONADIC) of the Secretariat of Health reported that 1.68 percent of the population between 12 and 65 years of age (some 911,000 persons) admitted to using illegal drugs during the past year, and some 550,000 admitted to such drug use during the previous thirty days, according to the most recent national household survey in 2002. The incidence of use has continued at about the same rate it did between the national surveys of 1993 and 1998. Among the cities included in the study, the highest rates occurred in two cities on the border with the United States, Tijuana and Ciudad Juarez, and the country's two major cities, Mexico City (Federal District) and Guadalajara (Jalisco). During the United States—Mexico Binational Demand Reduction Conference held in Mexico City from November 30 to December 1, participants focused on ways to help community-based organizations in poor areas marshal resources and efforts to confront the burgeoning use of methamphetamine.

## IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** The U.S. and GOM cooperated on major institution-building initiatives that will promote the well-being of the citizens of both countries for decades. In 2005, U.S. Embassy Narcotics Affairs Section (NAS) officials helped renovate the building that will house SIEDO prosecutors by arranging for procurement and installation of work stations and necessary air-conditioning units for the roof, as well as cabling of computer centers. NAS also procured computers and arranged for renovation of the offices of the Financial Intelligence Unit (FIU) of the Secretariat of Finance and Public Credit (SHCP) to assist with investigations of money laundering activities. NAS arranged for extensive cabling of the new building for the Operations Unit at AFI Headquarters to enhance PGR air interdiction and eradication capabilities. From November 2004 to December 2005, the USG also delivered eight Schweizer helicopters equipped with Forward Looking Infrared Radar

(FLIR) to perform police and border surveillance missions. Additionally, NAS arranged for refurbishment of eight UH-1H helicopters, which serve as the transportation “work horse” of the PGR Air Services Section.

The Attorneys General of both countries met in March 2005 in Mexico City and in September in Houston to discuss bilateral cooperation and border violence. The Senior Law Enforcement Plenary (SLEP) of the Law Enforcement Working Group met twice during 2005 to evaluate and guide bilateral actions at the operational level. The SLEP is comprised of several working groups, including those dealing with major drug trafficking organizations, money laundering, demand reduction, arms trafficking, extradition, interdiction, training, precursor chemicals, migrant smuggling, and trafficking in persons.

Embassy Information Analysis Center (IAC) officials coordinated closely with the Mexican Navy to assist in the location and seizure of over 20.5 metric tons of cocaine from maritime vessels. The largest seizure involved 6.8 metric tons from a go-fast boat on December 2.

Close bilateral cooperation resulted in the implementation of vital border security projects during 2005, which not only helped protect the United States and Mexico against potential terrorist attacks, but permitted the detection and seizure of illegal migrants, drugs, and other contraband and facilitated the cross-border movement of legitimate visitors, goods, and services. In 2005, NAS officials arranged for the procurement and installation of five Portal VACIS at ports of entry at Colombia (Nuevo Leon), Nuevo Laredo (Tamaulipas), Piedras Negras (Coahuila), Nogales (Sonora), and Mexicali (Baja California). U.S. officials also arranged for the installation of a Railroad VACIS at Mexicali and a Pallet VACIS at Mexico City’s International Airport. Mexico City airport inspectors used training, technical assistance, and donated nonintrusive inspection equipment (NIIE) to detect and seize over \$20 million in drug proceeds during 2005.

In 2005, three SENTRI (Secure Electronic Network for Traveler’s Rapid Inspection) lanes opened at San Ysidro (CA), Calexico (CA), and El Paso (TX). These expedited border-crossing lanes for pre-cleared, low-risk commuters will allow U.S. officials to concentrate more resources on high-risk travelers coming into the United States. Three more NAS-funded lanes—at Nogales (AZ), Laredo (TX), and Brownsville (TX)—are scheduled to open in mid-2006.

**Institutional Development.** In 2005, the Embassy’s Law Enforcement Professionalization and Training Program arranged training courses for over 2,800 law enforcement personnel and prosecutors at federal, state, and local levels. The Embassy initiated a five-week Criminal Investigations School (EIP) for all new AFI candidates, as well as current investigators. Since its inception, over 800 AFI personnel attended and graduated from the EIP. In 2005, the PGR Police Training Academy took over full responsibility for the EIP. Embassy personnel continued to support PGR efforts through donation of equipment and other developmental innovations. Training in 2005 also included 75 courses for 340 information technology engineers from nine different PGR entities.

**The Road Ahead.** Opportunities remain during the last year of the Fox Administration to enhance the close cooperation that both governments enjoy and to institutionalize close personal relationships. The U.S. and Mexico must strive to solidify this unprecedented level of cooperation during the remaining year of the Fox Administration. Prosecutors and police investigators need better equipment, training, and investigative tools. Both governments must continue to share intelligence and promote teamwork to deter drug-related violence along our mutual border, prevent diversion of precursor chemicals, dismantle clandestine laboratories producing methamphetamine, fight money laundering, and ensure successful prosecutions. Both prosecutorial and judicial reform is needed to match advances in the quality and ability of law enforcement.

# Nicaragua

## I. Summary

Nicaragua is a significant transshipment point for South American cocaine and heroin destined for the U.S. and, to a lesser degree, for Europe. International criminal organizations move illicit drugs through Nicaragua by land, sea, and air with major trafficking routes on both coasts and along the Pan American Highway. The Government of Nicaragua (GON) is making a determined effort to fight both domestic drug abuse and the international narcotics trade. The Nicaraguan National Police (NNP) and the Nicaraguan Armed Forces (primarily the Navy) demonstrated their commitment to disrupting the flow of drugs with continued significant interdiction results. However, limited resources and an ineffectual, corrupt and politicized judicial system hamper these efforts. USG assistance provided to the NNP, the Nicaraguan Armed Forces, the legal system, and the banking system has been instrumental in the GON's progress in countering well-financed and well-armed drug traffickers.

The 2001 bilateral maritime counternarcotics agreement with the U.S. enabled several GON/USG joint maritime counternarcotics operations in 2005, including seizures netting thousands of kilograms of cocaine. In previous years, a number of high-seas prisoner transfers took place under the accord, but the U.S. Coast Guard (USCG) did not request any transfers in 2005. The U.S. continued to assist the NNP's counternarcotics efforts during 2005, and, in close cooperation with the U.S. DEA office in Managua, the NNP made significant cocaine and heroin seizures.

The Nicaraguan National Assembly still has not passed new legislation on money laundering that would establish an operational, technically-capable Financial Analysis Unit to help the banking sector identify and track suspicious deposits. The current Financial Analysis Commission (CAF) is ineffective due to a lack of budget, trained personnel, equipment and strategic goals. The CAF is headed by the Prosecutor General, who receives reports of suspicious financial transactions from banks and decides whether to refer them to the NNP for investigation. The current Prosecutor General uses a narrow interpretation of the money laundering law and has not prosecuted corruption or narcotics offenders for money laundering. Two separate proposed bills that would create a Financial Analysis Unit have been submitted to the National Assembly and have been pending for two years. Nicaragua is a party to the 1988 UN Drug Convention.

## II. Status of Country

Drug traffickers move illegal narcotics through Nicaragua by land, sea, and air. The Atlantic coast is a primary transit route for drugs being smuggled principally to the U.S., but also to European markets. Nicaragua's Atlantic coast is a remote area that many Nicaraguans consider almost a separate country, physically and culturally isolated from the rest of Nicaragua; this region has been granted a degree of political autonomy by the national government. Unemployment on the Atlantic coast is high, with legitimate job opportunities limited to fishing, mining, forestry and small-scale tourism. The depressed regional economy makes the illicit drug trade extremely attractive to local residents, and Nicaraguan law enforcement points to the surprising number of new homes and hardware stores appearing in the region as evidence that more people are being lured into the drug business. Nicaragua seizes large amounts of narcotics on the Atlantic, from the Honduran to the Costa Rican border. Another key area for Nicaraguan law enforcement is the Penas Blancas land crossing on the Costa Rican border that has more than 200 trucks transiting daily. The NNP inspects about 10 percent of the total number of trucks crossing into Nicaragua and routinely seizes significant amounts of drugs.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** The GON continues efforts to revamp the country's legal system. It has proposed legislation to make money laundering a stand-alone crime, but this legislation continues to be stalled in the National Assembly. Such a law would settle the legal ambiguity of whether individuals engaged in financial transactions with proceeds resulting from illegal activities are engaged in money laundering. The current law (Law No. 285) is not effective against money laundering crimes committed by organized criminal organizations.

**Accomplishments.** In 2005, the GON carried out major seizures of transshipped South American cocaine and heroin headed for U.S. markets. During the year, the Nicaraguan military, the NNP, and U.S. law enforcement vessels effected several joint maritime operations, including DEA-assisted operations on the Pacific and Atlantic Coasts. The NNP has conducted operations against local drug distribution centers and large shipments transiting the country, gathering intelligence on their locations and making arrests. The GON continued to eradicate marijuana crops.

**Law Enforcement Efforts.** The DEA and U.S. Military Group (USMILGP) provided training, planning and logistical support for numerous counternarcotics operations. The NNP and Nicaraguan Navy are committed partners and have participated in many regional efforts. In August 2005, Nicaragua seized \$1.2 million from a southbound vehicle at the Penas Blancas checkpoint during one such regional operation. The driver had smuggled at least twelve similar bulk currency loads over a three-month period. Besides numerous seizures of drugs, money and weapons, the regional operation also shut down a popular smuggling route, forcing traffickers to postpone or cancel shipments, change or modify their method of conveyance, vary their smuggling routes or jettison drug loads. The operation also served to enhance operational ties and unify Central American law enforcement—it was the first time that the Nicaraguan Navy, Nicaraguan Police and Honduran authorities worked together.

In April, the Nicaraguan Navy, NNP and DEA agents seized 2,143 kilograms of cocaine in Tasbapauni that were cached for a boat to pick up. In September, the NNP seized 1,793 kilograms of cocaine on a go-fast boat that had stopped to refuel on Little Corn Island en route to Honduras. In November, the Navy (jointly with the NNP and intelligence from DEA) seized 871 kilograms of cocaine on board a Honduran fishing vessel. In August, the Nicaraguan police found 27 kilograms of heroin concealed in a hidden compartment in a tractor-trailer and \$1.2 million in cash at Penas Blancas.

DEA reports that Nicaraguan authorities seized a total of 54.3 kilograms heroin and 6,947 kilograms of cocaine in FY 2005, compared to 53.8 kilograms of heroin and 3,703 kilograms of cocaine in FY 2004. Most was seized either on the Atlantic coast or at the border with Costa Rica. In FY 2005, DEA reported that Nicaragua arrested 69 international traffickers. The Nicaraguans also seized six go-fast boats, some of which had already jettisoned or delivered their cargo. The GON's counternarcotics efforts have also uncovered related arms trafficking. According to law enforcement sources, most weapons cases in Nicaragua have a link to terrorist organizations like the United Self-Defense Forces of Colombia (AUC).

Despite these positive interdiction results, both the NNP and the Navy efforts are acutely limited by scarce resources. The police counternarcotics unit has only 116 officers, including administrative support, to cover all of Nicaragua. The 850-man Nicaraguan Navy, with assistance from the USMILGP and INL, is in the process of developing a long range patrol capability that will enable it to maintain a presence at sea for days at a time.

**Corruption.** The NNP rotates officers to prevent conflicts of interest from developing at the local level and also issues numbered badges so that the public can easily identify abusive police officials. The police Narcotics Unit answers only to the two top-ranking officials in the NNP, a measure that maintains the integrity of confidential information. However, low salaries and poor law enforcement

infrastructure make it difficult to eliminate corruption. A new NNP officer earns under \$200 a month. Judges' official salaries average about \$500 a month. Corrupt judges often let detained drug suspects go free after a short detention, a practice that puts them quickly back on the streets and undercuts police morale. In a recent high-profile case, judges released over \$600,000 of funds belonging to a suspected narcotics trafficker. There are serious allegations that a number of judges involved in the case may have received pay-offs. One of those judges was also connected to another scandal involving the acquittal of two Mexican citizens and an order to return to them over \$300,000 in undeclared currency seized by Nicaraguan Customs. The Nicaraguan Attorney General has been publicly critical of the inactivity and ineffectiveness of the CAF, controlled by the Prosecutor General (his judicial counterpart). He claimed that of the CAF's 354 suspicious activity reports received in the first part of 2005, not a single money laundering investigation had been initiated by the Prosecutor General. The Nicaraguan Navy has not been tainted by corruption. Nevertheless, naval personnel are rotated and personal effects are searched to deter corruption. Additionally, the Nicaraguan Army requested and received approval from the National Assembly to strengthen military justice regulations, which now impose strict penalties for corruption and treason.

The USG plans, as part of the new Resident Legal Advisor program, to provide support for the GON under a new multi-agency anticorruption initiative for the police anticorruption unit, the Attorney General's office, and the Superintendent of Banks.

**Agreements and Treaties.** Nicaragua is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A U.S.-Nicaragua extradition treaty has been in effect since 1907. Nicaragua is a member of the Caribbean Financial Action Task Force (CFATF). The United States and Nicaragua signed a bilateral counternarcotics maritime agreement in November 2001. Nicaragua is a party to the UN Convention against Transnational Organized Crime and its protocol on trafficking in persons and is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). Nicaragua is a party to the Inter-American Convention Against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Nicaragua also ratified the Inter-American Mutual Legal Assistance Convention in 2002, an agreement that facilitates sharing of legal information between countries. Nicaragua was one of the first countries to sign the Caribbean regional maritime counternarcotics agreement when it opened for signature in April 2003, but has not yet taken the necessary internal steps to bring it into force.

**Cultivation/Production.** With the exception of marijuana, illegal drugs are not cultivated in Nicaragua. The marijuana grown in Nicaragua is consumed locally.

**Drug Flow/Transit.** The isolation of the country's Atlantic coast, its vulnerable banking system, endemic poverty, widespread availability of firearms and societal effects of the civil war of the 1980s combine to make Nicaragua a rich target for drug traffickers. The increase in narcotics transshipment during recent years has generated a rise in local drug abuse, particularly on the Atlantic coast. This region's many islands and inlets provide way stations for drug smugglers moving between Colombia and points farther north. Many Atlantic residents support the traffickers by refueling their vessels, storing drugs, and serving as lookouts. In some communities, drug smuggling has become the principal economic activity, creating concern that an incipient "narcotics culture" is emerging.

**Domestic Programs (Demand Reduction).** Drug consumption in Nicaragua is a growing problem, particularly on the Atlantic coast. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns. In February 2001, the USG established the D.A.R.E. Program in Nicaragua. Since its inception, approximately 150 NNP officers have received training as D.A.R.E. instructors. In 2004, the USG sponsored the retraining of these instructors in the newest D.A.R.E. pedagogical techniques.

Between 2001 and 2003, over 14,125 Nicaraguan schoolchildren were awarded certificates of participation in the D.A.R.E. program. During 2004, nearly 6,000 additional students received D.A.R.E. training. The NNP has translated D.A.R.E. materials into the Miskito language and will be distributing them to indigenous populations on the Atlantic coast. Both the NNP and USG are exploring other demand-reduction efforts that focus on at-risk populations.

### IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** Nicaragua and the United States are strong allies in counternarcotics activities. The police have done much to professionalize their force in the last ten years. The NNP established formal relations with the DEA in 1997 that has fostered growing and effective cooperation. During 2005, the U.S. continued to provide significant counternarcotics and law enforcement assistance to the NNP through the DEA, State/INL, U.S. Coast Guard, and the U.S. Department of Justice. The Nicaraguan Navy is an effective and reliable partner in the counternarcotics field. INL is refurbishing three large naval boats and numerous smaller patrol boats for maritime interdiction on both the Atlantic and Pacific coasts. The USMILGP is funding spare parts and outboard motor replacement for the Nicaraguan Navy patrol boats. The USMILGP is also refurbishing a captured fishing vessel to act as a Nicaraguan naval “Mother Ship” to support long-term maritime interdiction operations. Nicaragua is cooperating with U.S. efforts to disrupt international terrorist financing. The USG shares information with the Superintendent of Banks as well as the Ministry of Finance and the Foreign Ministry on suspect persons or organizations whose assets should be frozen. The GON has been cooperative in sharing this information with local banks. Nicaragua is a party to the 2002 International Convention on the Suppression of the Financing of Terrorism.

**The Road Ahead.** Nicaragua’s leaders and its people recognize the threat that illegal drugs pose to Nicaraguan society and the country’s sovereignty. The Nicaraguan military and the NNP are committed to the counternarcotics effort. However, Nicaragua does not possess the resources to wage this war alone and will require continued and increased assistance—especially in confronting the massive resources of organized drug and criminal organizations. Traditionally, the NNP and the Navy have not always worked together effectively on counternarcotics efforts. However, USG-fostered joint operations have promoted inter-agency cooperation, and the U.S. will continue to encourage even greater cooperation between the NNP and the Navy. If Nicaragua is to become a full and successful partner with the U.S. in fighting international crime (especially the illegal drug trade and terrorism), it will need more resources as well as urgent internal reforms—especially in the professionalization of the judiciary and the passage and application of stronger statutes to combat corruption and money laundering.

# Panama

## I. Summary

As the only Pacific/Atlantic maritime and North/South America land connector, and a principal hemispheric air, financial, and communications hub, Panama is a major nexus for international crime and an important transshipment point for drugs destined for the United States and Europe. U.S. bilateral counternarcotics and law enforcement cooperation with the Torrijos Administration continues to improve. With USG assistance, the Government of Panama's (GOP) law enforcement agencies are being restructured to enhance their ability to fulfill their missions. Assistance provided by the United States remains crucial to ensuring effective Panamanian law enforcement. Panama is a party to the 1988 UN Drug Convention.

## II. Status of Country

Panama's central geographic position and role as a regional transportation, communication and financial hub makes it a natural hemispheric locus for international crime and transshipment point for drugs, precursor chemicals and trafficking proceeds. The security situation in the Darien region bordering Colombia has become more stable, but drug and arms smuggling between Panama and Colombia continues. Last year, Panama expanded its efforts to increase control of its border with Costa Rica. The huge volume of commercial traffic flowing through the canal, along the Pan-American Highway and by way of Panama's international airports provides the means for smuggling tons of drugs and other contraband. Panama's numerous uncontrolled airfields and vast unguarded coastlines on both the Atlantic and Pacific Oceans are used for noncommercial smuggling routes. The availability and acceptability of illicit drugs, combined with money from smuggling, have increased domestic drug abuse, particularly among young people. The use of bribery and coercion in the drug trade contribute to pervasive public corruption and undermines the GOP's criminal justice system. Panama is not a significant producer of drugs or precursor chemicals. However, cannabis is cultivated for only for national consumption, primarily on the Pearl Islands in the Gulf of Panama.

## III. Country Actions Against Drugs in 2005

**Policy Initiatives.** Since taking office in 2004, the Torrijos Administration has adopted a broad policy of enhanced inter-agency coordination related to narcotics interdiction and law enforcement activities. This "integrated security" policy has led the government to look at ways of restructuring the security forces to enhance their effectiveness in countering narcotics trafficking and other transnational crime.

**Accomplishments.** Initiated in 2001, Panama's model chemical control legislation was approved in April 2005 (details in "Precursor Chemicals" section). Panama actively participated in the Central American International Drug Enforcement Conference (IDEC) sponsored by the U.S. DEA to coordinate counternarcotics operations among different states. It participated in the DEA-organized "Operation Contralado" between August and October 2005. In the most significant operation of the year, Panama's National Police (PNP) seized four tons of cocaine in September 2005 along the Atlantic coast.

**Law Enforcement Efforts.** Bilateral policy and operational coordination in law enforcement continues to be good on all narcotics-related issues. DEA-monitored statistics through mid-November 2005 indicate seizures of 10,284.5 kilograms of cocaine, 37.6 kilograms of heroin, 9,547.9 kilograms of cannabis, \$10,316,148 in currency seizures, and 259 arrests for international drug-related offenses. Heroin seizures in 2005 declined slightly since last year. However, seizures of cocaine, cannabis and

currency have risen considerably, and international drug-related arrests have increased slightly since last year. As in recent years, many narcotics operations are intelligence-driven movements and are usually cooperative ventures between the GOP and the USG.

The Public Ministry's Drug Prosecutor's Office (DPO) is the principal coordinator of Panama's Public Forces' counternarcotics investigative resources. DPO's extensive cooperation with USG agencies continues to be excellent. The PNP's Directorate of Information and Intelligence (DIIP) and its Anti-Drug Sub-Directorate (DAD) are effective drug investigative units.

Funded by the Embassy's Narcotics Affairs Section (NAS) and supported by the DEA country office, the Public Ministry's Judicial Police (PTJ) sensitive investigative unit has conducted investigations of major drug and money laundering organizations. It continues to expand, carrying out improved operations at a higher frequency. The USG provides support to the PNP Mobile Inspection Unit and Paso Canoas Interdiction Enhancements, the International Airport Drug Task Force, and the Canine Unit. These units continue to effect major arrests and seizures.

The professional and capable National Maritime Service (SMN) maintains good bilateral relationships, and cooperatively responds to USG requests for boarding and interdictions, assisting the U.S. Coast Guard (USCG) with verifying ship registry data, and transferring prisoners and evidence to Panama for air transport to the U.S. The lack of resources, particularly fuel, is threatening this invaluable cooperation and the SMN's operational successes. USG assistance is critical to maintaining the SMN operational status at this high and effective level. The SMN and National Air Service (SAN) have positive relations and annually partner to eradicate cannabis fields in the Pearl Islands.

Despite limited air assets, the SAN provides excellent support for counternarcotics operations, when resources are available. This was evident in the SAN's participation in Operation Sombra III (that identified clandestine airstrips) and the October seizure of 1,880 kilograms of cocaine near Porvenir, Colon. Modeled on USCG procedures, SAN aircraft use warning and disabling shots to immobilize suspect go-fast smuggling boats until the arrival of maritime forces. The SAN responds cooperatively to U.S. law enforcement requests to photograph suspect aircraft in flight or on the ground. The SAN also provides critical logistical support to transfer detainees and drug evidence to U.S. jurisdiction.

The SAN-SMN relationship continues to grow in a positive direction, and the GOP is exploring the possibility of merging the two into a Coast Guard. The PNP is also developing a specialized border patrol force. Panama's Public Forces are slated to receive modest budgetary increases in 2006.

**Corruption.** President Torrijos won the 2004 election on a platform that promised to purge corruption from the government. Since September 2004 (when the new administration took office) the GOP has audited government accounts and launched investigations into major public corruption cases. Panama's national anticorruption commission coordinates the government's anticorruption activities and, with USG assistance, developed a strategic plan in 2005. Through the State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL), the USG is also funding the development of a "Culture of Lawfulness" program with the Ministry of Education, the National Police, and PTJ. In 2005, the head of the PTJ counternarcotics unit was arrested and charged with corruption.

**Agreements and Treaties.** Panama is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotics Drugs, as amended by the 1982 Protocol, and the 1971 UN Convention on Psychotropic Substances. The USG and Panama also have a mutual legal assistance treaty and an extradition treaty in force. The USG and GOP have a Customs Mutual Assistance Agreement and a stolen vehicles treaty. In 2002, the USG and GOP concluded a comprehensive maritime interdiction agreement. Panama has bilateral agreements on drug trafficking with the United Kingdom, Colombia, Mexico, Cuba, and Peru. Panama is a party to the UN Convention Against Transnational Organized Crime and its protocols against trafficking in women, migrant smuggling and illegal manufacturing

and trafficking in firearms, and to the UN Convention Against Corruption. Panama is a member of the Organization of American States and is a party to the Inter-American Convention on Mutual Assistance in Criminal Matters and the Inter-American Convention Against Corruption.

**Cultivation and Production.** Joint DEA-SAN aerial reconnaissance shows some small-scale coca cultivation, but there have been no confirmed reports of cocaine laboratories in Panama since 1993. The GOP has not been able to implement drug crop eradication in the Darien due to resource constraints, triple-canopy jungle, and the presence of heavily armed Colombian insurgents in the region. There is limited cannabis cultivation, principally for domestic consumption, in the Pearl Islands. The GOP effectively eradicates these crops.

**Precursor Chemicals.** Panama does not produce or consume precursor chemicals used in processing illegal drugs. There is clear evidence that a significant volume of precursor chemicals transits the Colon Free Zone destined for other countries, including to Mexico where they are processed into illicit drugs for the U.S. market. The USG provided technical advice and assistance in Panama's effort to strengthen its chemical control legal regime. This was signed into law in April 2005. With the new precursor chemical control legislation in place, the USG will shift the focus of its assistance to capacity building for implementing the new laws.

**Drug Flow/Transit.** Panama is frequently used as a transit country for cocaine, heroin, synthetic drugs and precursor chemicals. Criminal organizations use fishing vessels, cargo ships, small aircraft, go-fast boats, commercial containers and human mules to move this contraband through Panamanian waters, airspace and territory to the U.S. Cocaine and heroin may be offloaded from boats onto trucks traveling the Pan-American Highway, placed in sea-freight containers for cargo vessels, moved by private airplanes utilizing hundreds of unmonitored airstrips, or carried by couriers on commercial air flights. European law enforcement agencies have detected an increase in cocaine trafficking via direct flights from Panama City to Madrid.

**Domestic Programs (Demand Reduction).** The USG-supported Panamanian Commission for the Study and Prevention of Drug-Related Crimes (CONAPRED) has a five-year (2002-2007) counternarcotics strategy that identifies 29 demand reduction, drug education and drug treatment projects at a cost of \$6.5 million. In 2005, CONAPRED funded seven demand reduction projects at \$924,000 as well as law enforcement projects with the Drug Prosecutors' Office, SMN and training for the Joint Informational Coordination Center (JICC) budgeted at \$49,890. The USG funded Ministry of Education and CONAPRED teacher training and information programs to promote drug abuse awareness in public schools as part a 2003 law that created a national drug prevention education program. The USG also supported the Ministry of Education's National Drug Information Center (CENAID) and the PNP Juvenile Police D.A.R.E. Program in Panama City public schools.

## IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** U.S. 2005 assistance (equipment, training, coordination and intelligence) was critical to improving the professionalism and efficiency of Panamanian law enforcement and enhancing the GOP's counternarcotics efforts. These U.S.-supported programs are improving Panama's ability to disrupt illegal drug trafficking and other transnational crimes, strengthening its judicial system, encouraging stronger regulation of precursor chemicals, fighting public corruption, improving Panama's international border security and ensuring strict enforcement of existing Panamanian laws.

The NAS continues to modernize and professionalize the Panamanian National Police. Key components include implementing a community police project, expanding and upgrading crime analysis technology, and promoting managerial change to allow greater autonomy and accountability to develop best practices among local police commanders. In addition, the U.S. Coast Guard provides

training in maritime law enforcement boarding procedures for the SMN at its Maritime Law Enforcement Academy in Charleston, S.C.

As a result of USG support (equipment, training, technical assistance, equipping and refurbishing boats) the SMN accounted for approximately 18 percent of Panama's total cocaine seizures in 2005.

The USG has supported Panamanian Customs with advanced training, operational tools, and a dog detector program that has become a linchpin of the Tocumen International Airport Drug Interdiction Law Enforcement Team. During 2005, the canine program was dramatically expanded, allowing it to operate outside the confines of the airport.

In 2005 the USG, through the NAS and the Department of Homeland Security's Immigration and Customs Enforcement Agency, assisted the GOP in upgrading the Public Ministry's Anti-Corruption prosecutor's office. NAS supplied training, computers, office equipment, and other necessary equipment.

**Bilateral Cooperation.** The USG and GOP continued close and cooperative strategic and operational collaboration on joint counternarcotics efforts. In recognition of Panama's key importance to fighting drug trafficking and its continued law enforcement improvement, DEA Administrator Karen Tandy visited Panama in June and FBI Director Robert Mueller visited in October. The maritime interdiction agreement is proving its worth by enhancing cooperation. Panama continues playing a vital role in facilitating the transfer of prisoners and evidence to the United States.

**The Road Ahead.** The GOP has demonstrated its continuing commitment to building strong law enforcement institutions and disrupting the flow of illegal drugs northward. The USG will encourage Panama to provide sufficient resources for its law enforcement to control the land borders, the coast, and the territorial waters and airspace—making Panama inhospitable to international criminal activity. The U.S. is promoting the development of a risk assessment group within Panamanian Customs, which should begin operation in 2006.

The USG will continue to work with the GOP to help strengthen Panama's ability to deter trafficking in drugs by providing training and equipment. The United States will also continue to work with the GOP to help strengthen Panama's law enforcement and public forces institutional capacity and will provide assistance to Panama to support criminal justice reform, as well as anticrime and anticorruption efforts.

